

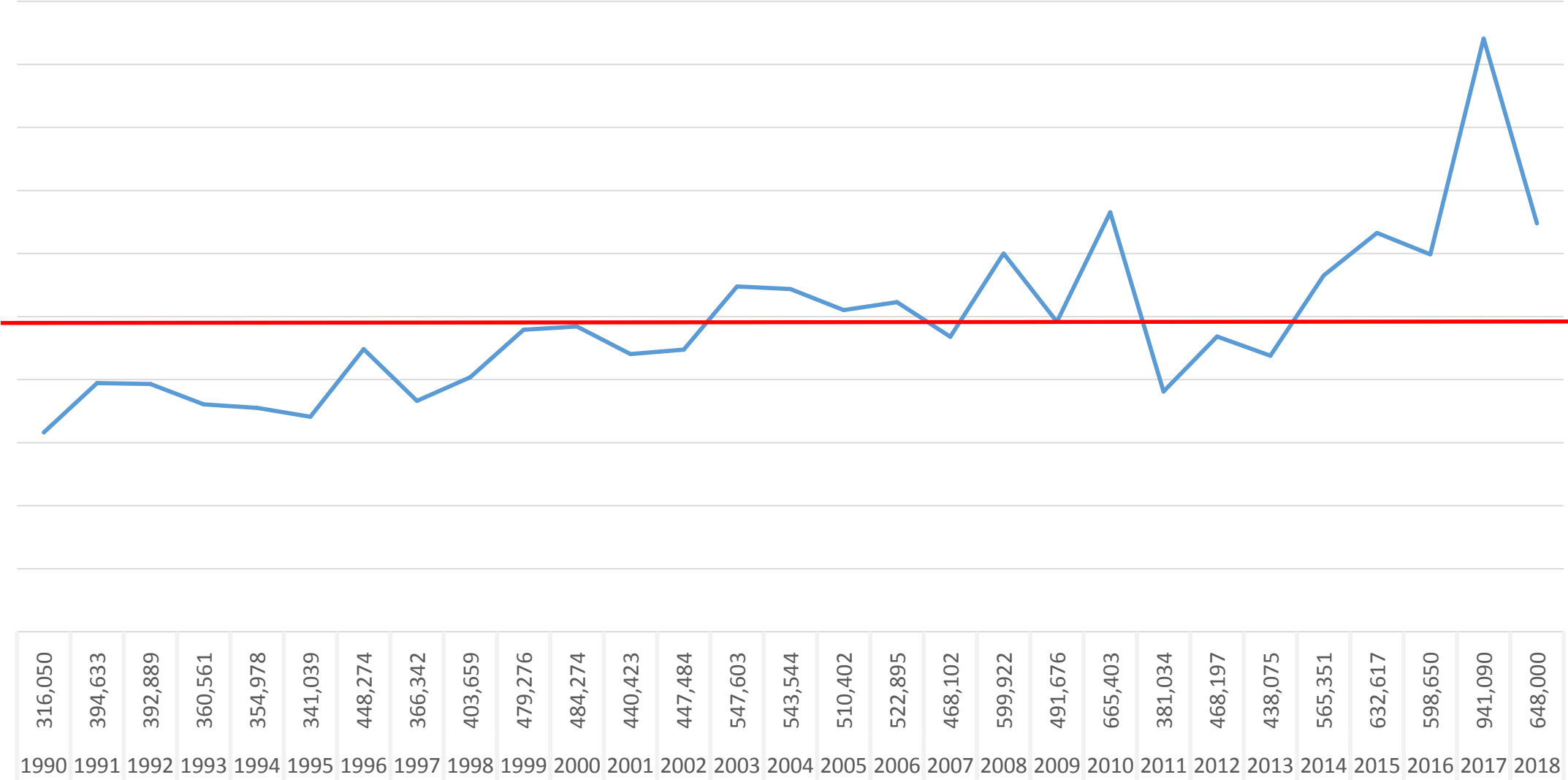
Street Maintenance Fee Discussion

Public Information Presentations

July 2017

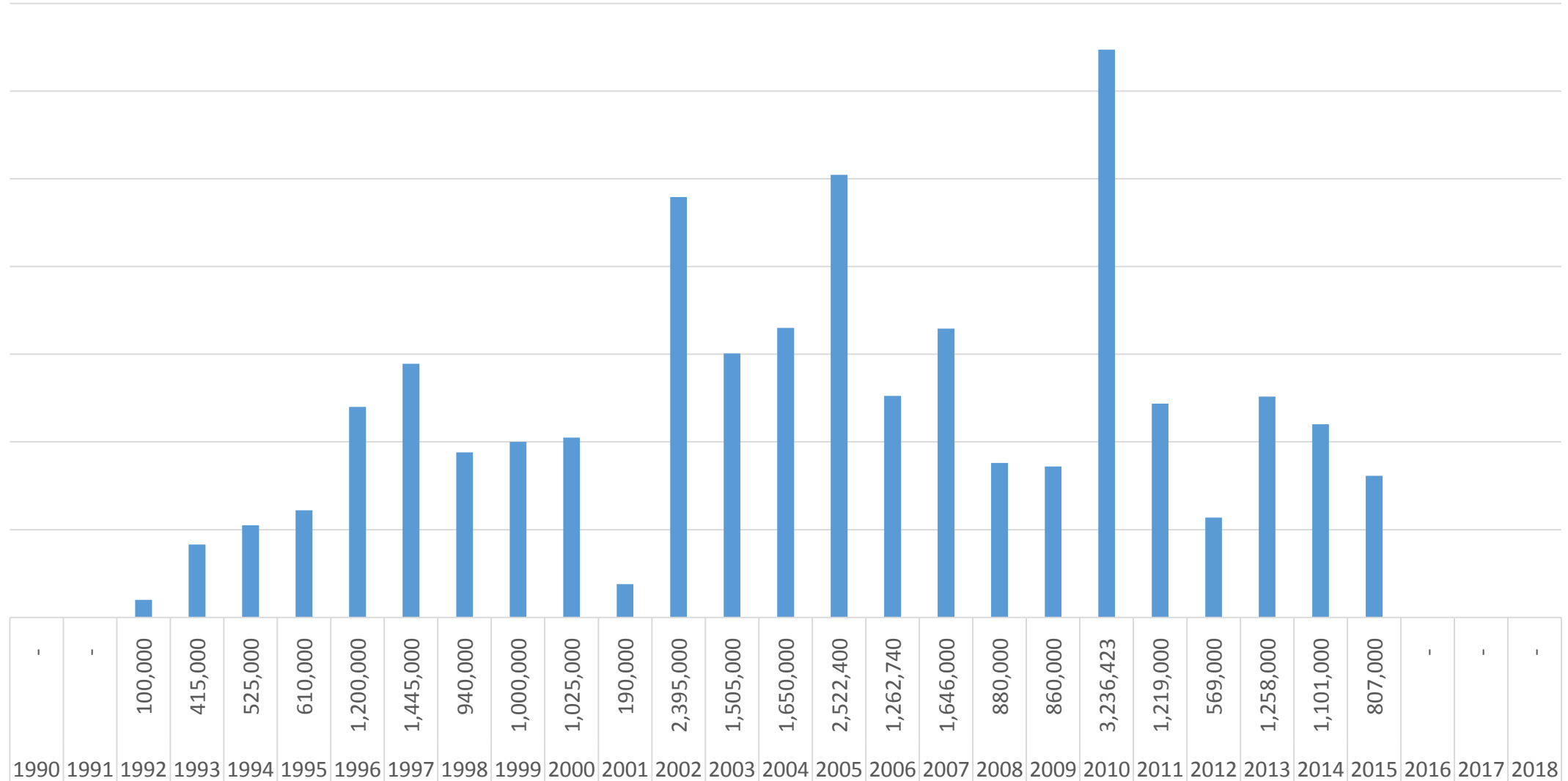


Maintenance Line Item – average funding has been \$491,464 over the last 28 years
58.6% of the time funding has been under the average



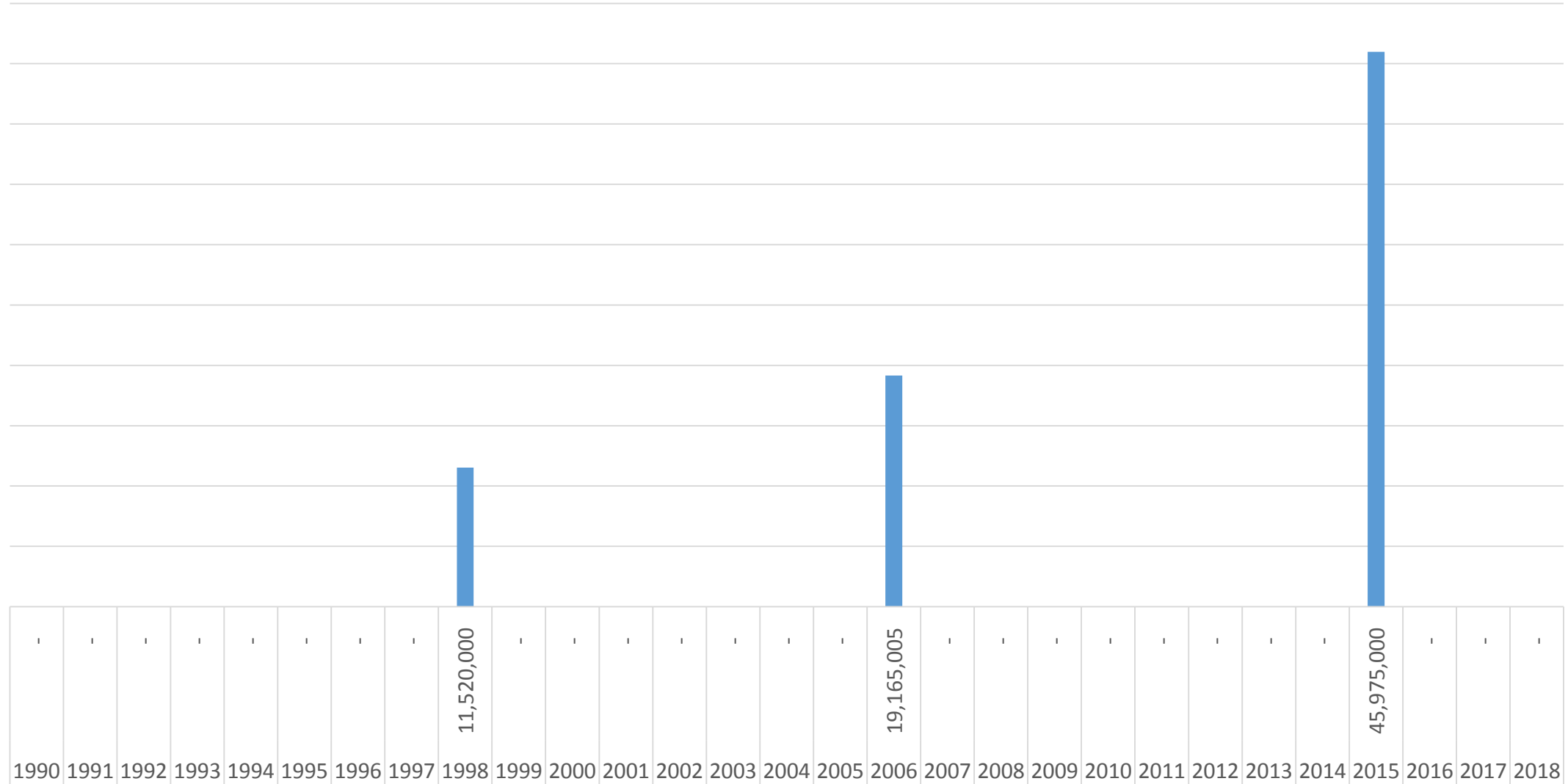
CIP Dollars spent on Reconstruction and Maintenance Activities over 28 Years

Average is \$977,984 per year over 28 years

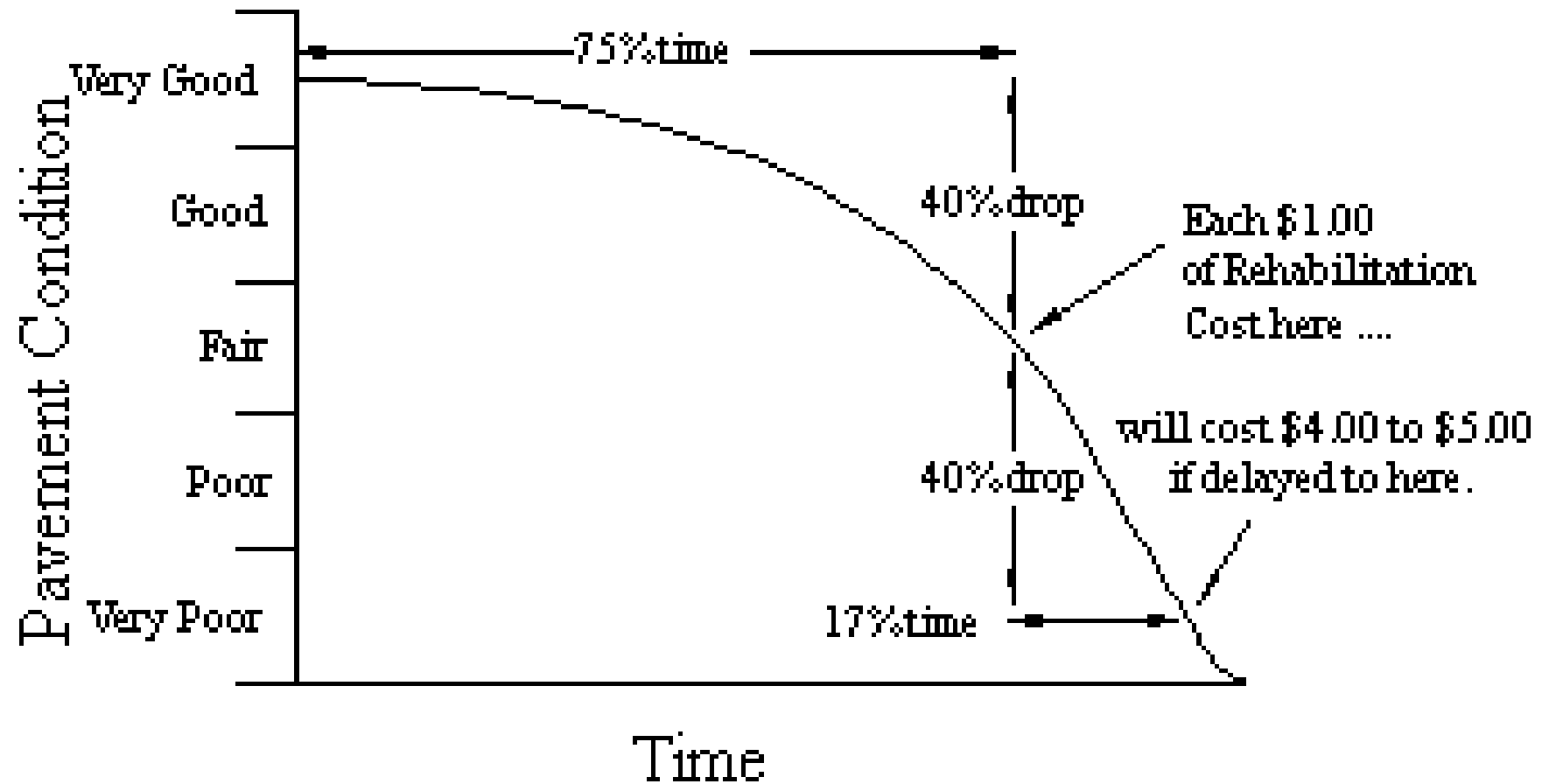


Bond Funding for Reconstruction and Maintenance over 28 years

Average is \$2,643,448 per year over 28 years



Time vs. Pavement Condition Curve



Review

- The City Council was initially briefed on the concept of a Street Maintenance Fee (SMF) that generating earmarked funds for street maintenance on June 21, 2016
- The presentation examined seven (7) Texas cities administered their SMF
 - Austin, Bryan, Corpus Christi, Corsicana, Kingsville, Lampasas, Taylor
- The presentation also shared three (3) cities that explored, but declined to enact a SMF
 - Killeen, Denton, and College Station

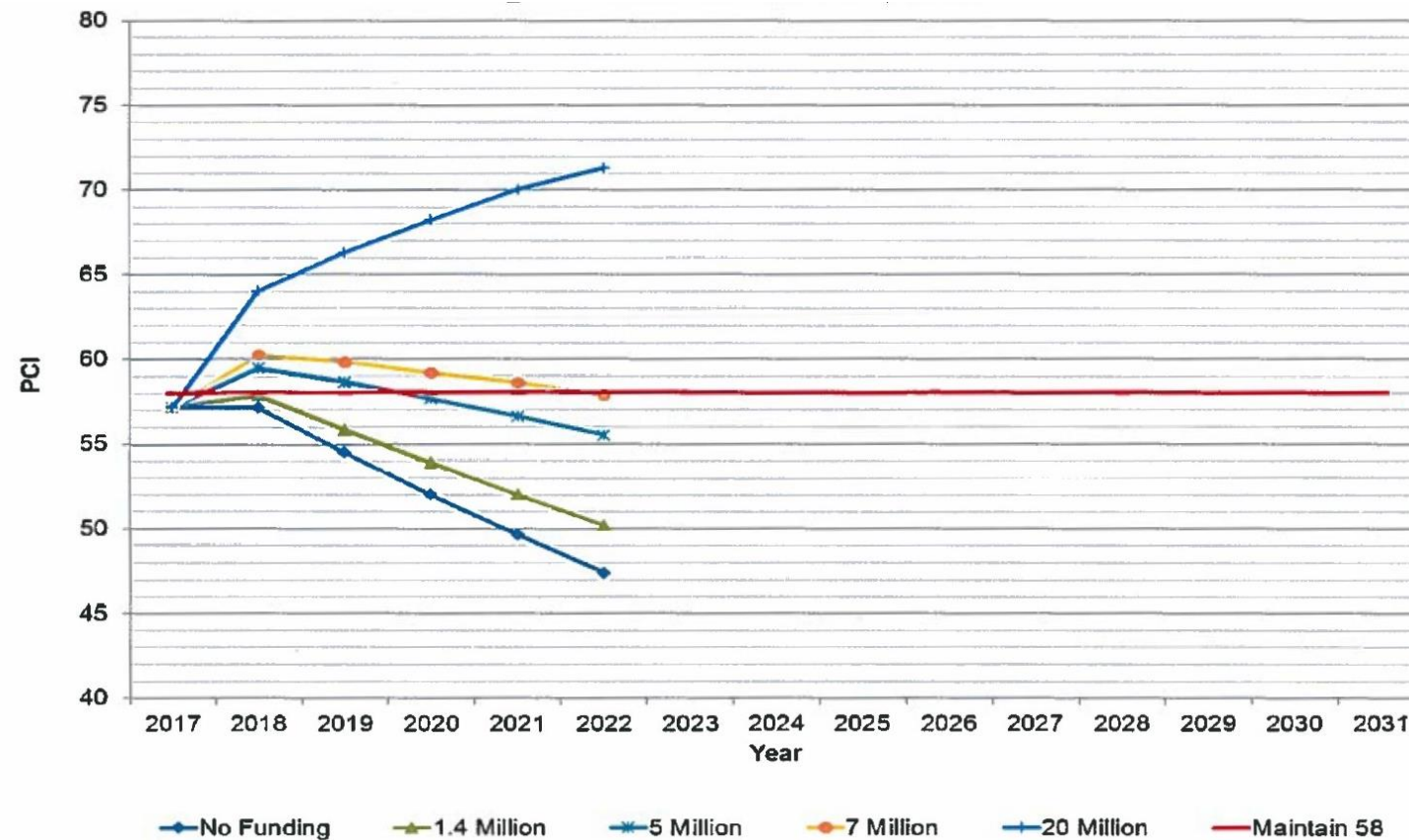
Updates Since the 6/21/16

- Monitored the status of Texas cities with a SMFs
- Worked with Utility Billing and GIS to develop data necessary for the development of Residential and Commercial fees
- College Station has adopted a SMF, which went into effect in January of 2017

Updates Since the 6/21/16

- Pavement Management Study
 - Study results are critical to developing a fee structure that generates the revenue necessary to maintain quality roads
- FUGRO Roadware Inc.
 - City Council awarded contract for the study on September 8, 2016
 - Delivered a report to City Council on March 23, 2017
 - Street Network Backlog estimated at \$377 Million

Budget Scenario Results Comparison



- This chart, provided by FUGRO, shows the maintenance trend line at several different funding levels compared with a “good” Pavement Condition Index (PCI)
- The funding necessary for maintaining a PCI greater than 58 is greater than \$10 Million annually



Mechanisms to Hit Target Budget

- Generating \$10 Million dollars in new revenue will necessitate using multiple revenue streams
- These two methods COMBINED will generate the needed revenue:
 - Local Option Street Maintenance Sales Tax
 - Street Maintenance Fee for Residential and Commercial Customers

Local Option Sales Tax

- In addition to fees, there is a consideration of reducing $\frac{1}{8}$ of a penny allocated for 4A to be dedicated for street maintenance
- This would generate approximately \$2.5 Million in revenue for street maintenance



Local Option Sales Tax

- A local option sales tax would require the City Council to call an election to do the following:
 1. Repeal 1/8 of a cent of the Type A sales tax for economic development, and
 2. Levy 1/8 of a cent for the local option street maintenance tax
- Election called by August 10, 2017 for a November election
 - The repeal of 1/8 of Type A and levy of a street maintenance tax can be on the same ballot measure
- A local option street maintenance sales tax must be approved by voters every four years

Street Maintenance Fee



- The structure of a SMF will be broken into two (2) major categories:
 - Residential
 - Single Family
 - Multi-Family
 - Commercial

Fee Administration

- The proposed SMF will be administered as part of the Municipal Account Statement that is sent out to residential and commercial utility account holders
- This approach naturally compliments our customer data set which is pulled directly from the utility billing accounts
- This method provides the easiest administration of a SMF

Water Utility Service Office
534 Cypress
P.O. Box 3479
Abilene, Texas 79604-3479

Account Statement

ACCOUNT INFORMATION
ACCOUNT NO: 00-000001
MAY 2000: 0000000000
MAY 2000: 0000000000
MAY 2000: 0000000000
MAY 2000: 0000000000

CURRENT WATER CHARGES

RESIDENTIAL	COMM	IND	MAN	TR
1.00	1.00	1.00	1.00	1.00

YOUR MONTHLY USAGE (IN GALLONS)

OTHER CHARGES

CHARGE	AMOUNT
WATER SERVICE CHARGE	1.00
SEWER SERVICE CHARGE	1.00
WATER METER REPAIR CHARGE	1.00
SEWER METER REPAIR CHARGE	1.00
WATER METER REPAIR CHARGE	1.00
SEWER METER REPAIR CHARGE	1.00

AMOUNT DUE

Payment Coupon

ACCOUNT INFORMATION
ACCOUNT NO: 00-000001
MAY 2000: 0000000000
MAY 2000: 0000000000
MAY 2000: 0000000000
MAY 2000: 0000000000

AMOUNT DUE

AMOUNT ENCLOSURE

CITY OF ABILENE
WATER UTILITY OFFICE
P.O. BOX 3479
ABILENE, TX 79604-3479

Residential Fee Population

- Single-Family Residential – approximately 35,000 households (3 units or less)
- Multi-Family Residential – approximately 10,000 (4 or more units)
- In the event that Abilene wanted to explore a discount for senior citizens, GIS indicates that approximately 25% of single family residences has an over 65 senior exemption on their property
 - That equates to 8,750 households

Residential Fee & Revenue Tables

Monthly and annual revenue for a fee of \$9 for single-family and multi-family unit and over 65 exemption:

Category	Population	Rate	Monthly Revenue	Annual Revenue
Single Family	26,250	\$9.00	\$236,250	\$2,835,000
Multifamily	10,000	\$9.00	\$90,000	\$1,080,000
Over 65	8,750	\$0.00	\$0	\$0
Totals			\$326,250	\$3,915,000



ITE Trip Factor Index

- Many cities have adopted the Institute of Transportation Engineers (ITE) Trip Factor Index. It is adapted from the Trip Generation Manual in an effort to develop the most equitable fees for commercial businesses
- The manual provides analysis of the traffic patterns of different business types and generates a trip factor to capture the traffic impact
- The trip factor is then multiplied by a unit of measure, usually building square footage, to develop a trip factor rating for that property

Trip Factor Examples

The ITE Trip Factor rating for four examples businesses based on the building square footage (BSF).

Business Type	ITE Code	Unity of Measure	BSF	Trip Factor Rating
Business Office	710	1.49 per 1,000sf	1,500	2.23
Fast Food w/drive-thru	933	26.15 per 1,000sf	2,500	65.38
Convenience Store w/gas pumps	853	50.92 per 1,000sf	2,000	101.84
Discount Superstore (free-standing)	815	4.35 per 1,000sf	210,000	930.50
Singe-Family Residence*	210	1.00 per d.u.	N/A	1.00
Multi-Family Residence*	220	0.62 per d.u.	200 Units	124.00

*Residential Trip Factor Ratings were added to as a frame of reference (d.u. Dwelling Unit).



Commercial Fee Population

- Commercial Property – approximately 2,400 properties (based on scrubbed utility accounts)
- GIS data in concert with our account information provided square footage for these accounts
- Square footage information develops a trip factor for these businesses in an effort to charge equitable rates to customers

Simple Tier Set Up

The table below shows the broad categories of commercial uses that fall within the five tiers for all the businesses in our data set:

Commercial Tiers	Examples of Use	Population
1	Small Churches, Small Offices, Senior living facilities, Non-Profits	245
2	Medium Churches, Medium Offices, Hospitals, Medical Offices, Medical Clinics/ Vet Clinics, Day Cares, Recreation/Entertainment Facilities, Laundry	364
3	Large Churches, Large Offices, Menu Restaurants, Bars, Banks, Pharmacies, General Retail, Gym/Fitness Centers, Hotel/Motels, Auto Sales/Service	923
4	Largest Churches, Warehousing, Self Storage, Manufacturing, Industrial, Carwashes	656
5	Fast Food, Home Improvement, Discount Superstore/Supermarket, Gas Stations	179



Commercial Fee and Revenue Table

The table below presents the fees and revenue projections using the simple tier based on structure shown on the previous slide:

Commercial Tier	Population*	Rate	Monthly Revenue	Annual Revenue
1	245	\$35	\$8,575	\$102,900
2	364	\$60	\$21,840	\$262,080
3	923	\$115	\$106,145	\$1,273,740
4	656	\$220	\$144,320	\$1,731,840
5	179	\$325	\$58,175	\$698,100
Totals			\$339,055	\$4,068,660

**The Population of this data set does not include schools or universities*



Revenue from all Proposed Sources

The table below shows the ITE Trip Factor rating for four examples businesses based on square footage. We added Residential Trip factors to this table simply as a frame of reference:

Revenue Source	Annual Revenue
1/8 Local Option Sales Tax	\$2,500,000
Residential SMF*	\$3,915,000
Commercial SMF	\$4,068,660
Total	\$10,483,660

**The revenue shown assumes that \$9 is charged to both single and multi-family accounts and homes with over 65 exemptions are exempted completely.*



Caution Going Forward

- It is important to note that the projections in this briefing are exactly that... PROJECTIONS
- It could take multiple years to for a comprehensive analysis
- Staff is continuously going through and refining data sets to improve accuracy



Use of SMF Revenue



- \$7.3 Million of this revenue to be allocated for keeping our arterials and collectors at a PCI of 58
 - This work would be handled exclusively by contractors
- \$3 Million to chip seal all residential streets on an eight year cycle
 - This work would be handled by contractors initially with a goal to bring this function in-house in the future
- Streets staff will continue to focus on complaint response

Other Potential Topics of Discussion

- Sunset Provision
 - Many communities have placed a “sunset” provision in their SMF ordinances that requires the Council approval to keep it in place after sunset.
 - Usually 10 years
- Fee Dispute Process
 - The initial roll out of a SMF will require extensive engagement with customers who dispute that commercial rates that they are assessed.
- Exemptions
 - Does the Council desire exempting certain groups or businesses from the fee?

Stakeholder Engagement

- Tonight's presentation is one example of the public engagement necessary when exploring a funding option like a SMF
- Over the next two and a half weeks we will have:
 - 11 General Public Meetings
 - Recreation Centers and Libraries
 - 2 Meetings with Service Organizations
 - 4 Meetings with Business Groups
 - 2 with Chamber Members
 - 2 with Small Business Development Center
 - Video of the 6/20/17 Presentation to Council is on the City's website along with a copy of the presentation that can be downloaded

Meeting Feedback

- Can we have a lower commercial tier?
- Who will decide what streets get done when?
- Why not make operational cuts and lower fee rates?
- Why not just set rates everyone can agree on?
- Why not charge the fees on gasoline sales or through vehicle registrations?
- Will staff support a sunset provision?
- Will apartments be charged both residential and commercial rates?
- What are our streets combined PCI score now?
- Can we create a higher tier for the giant business' (Like Walmart)?
- How is \$10.3 Million enough when we need \$377 Million?
- Will the fee be locked in at \$9?
- Is the \$10.3 Million in addition to the current street budget?
- Will Local Contractors be able to do all the contract work?
- Can the council decide on the SMF without a vote?
- Are we taking inflation/increased cost into account?
- Are we considering any changes to the senior exemption?



Meeting Feedback

- Why can't a property tax increase fund this?
- Could we focus exclusively on arterials and collectors (\$7.3M instead of \$10M)?
- Why not take more than 1/8 from DCOA?
- Can we wait till May to give people more time?
- Can we repeal ½ cent allocated to property tax relief and repurpose to street maintenance?
- How do we get people living outside of Abilene to pay?
- Can we have a tier system for residential?
- Why do we plan on chip sealing every 8 years?
- How will the City be held accountable to utilizing the funds gained from the fee?
- Why can't we use the money from the hotel on streets?
- If the SMF passes when will the bill show up?
- How do we Charge multiple business in a single building? (like the mall)
- Are the FUGRO numbers accurate?
- Can new business owners receive a “grace period” with the fee?
- When will all the details on the fee be locked in?
- Why did we spend money on beautification on S 1st instead of streets?
- Will all active water meters be charged?



Other Feedback

These Public Meetings haven't been the only source of public feedback:

Payment
Coupon

PLEASE RETURN THIS PORTION ALONG WITH YOUR PAYMENT

ACCOUNT INFORMATION

ACCOUNT: [REDACTED]
SERVICE ADDRESS: [REDACTED]
SERVICE PERIOD: 05/24/2017 TO: 06/26/2017
BILLING DATE: 07/06/2017
DUE DATE: July 20, 2017

AMOUNT DUE

TOTAL AMOUNT DUE BY 07/20/2017 55.41

AMOUNT ENCLOSED

55.41

REMIT PAYMENT TO:

190205020000055410000055412

CITY OF ABILENE
WATER UTILITY OFFICE
PO BOX 3479
ABILENE TX 79604-3479

TOTALY AGAINST 9⁰⁰
IN DEBT
WHAT ABOUT
PEOPLE WHO LIVE OUT OF TOWN BUT WORK HERE! NOT FAIR TO US.

Next Steps

- Continue public engagement on the SMF over the next few weeks
- The City Council will discuss the future of a SMF during the Budget Workshop starting July 25th
 - Decision will be made regarding rates and structure
 - Decision will be made to place any component of the SMF on the November 7th ballot

Questions?